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Supreme Court, U.S.
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08-741

In The

Supreme Court of the United States

Gerald N. Pellegrini,
Petitioner

v.

Analog Devices, Inc.
Respondent

On Petition For Writ Of Certiorari
To The United States Court Of Appeals For
The Federal Circuit

PETITION FOR WRIT OF CERTIORARI

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QUESTIONS PRESENTED FOR REVIEW

1. Whether the decision of the United States Court of Appeals for the Federal Circuit, that the district court did not abuse its judicial discretion in granting Analog's motion for Rule 11 sanctions, is in conflict with the standards of this Court as enunciated in Cooter & Gell v. Hartmax Corp., 496 U.S. 384 (1990).

2. Whether the decision of the United States Court of Appeals for the Federal Circuit, that the district court did not abuse its judicial discretion in denying Pellegrini's amended complaint, is in conflict with the standards of this Court as enunciated in Foman v. Davis, 371 U.S. 178 (1962).

LIST OF PARTIES

1. Gerald N. Pellegrini, Plaintiff-Appellant

2. Analog Devices, Inc., Defendant-Appellee

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CITATIONS OF OPINIONS AND ORDERS ENTERED

The July 8, 2004 Opinion of the United States Court of Appeals for the Federal Circuit is reported at 375 F.3d 1113. The January 11, 2006 Order of the United States District Court for the District of Massachusetts is reported at 2006 U.S. Dist. LEXIS 726. The June 5, 2008 Opinion of the United States Court of Appeals for the Federal Circuit is reported at 2008 U.S. App. LEXIS 12094. The July 2, 2008 Order of the United States Court of Appeals for the Federal Circuit is reported at 2008 U.S. App. LEXIS 15762.

BASIS OF JURISDICTION

The judgment of the United States Court of Appeals for the Federal Circuit was issued on June 5, 2008. The United States Court of Appeals for the Federal Circuit denied Petitioner's request for a panel rehearing on July 2, 2008. This Court has jurisdiction over this petition under 28 U.S.C. section 1254(1).

FEDERAL STATUTES AND RULES INVOLVED IN THE CASE

35 U.S.C. section 271(b):

"Whoever actively induces infringement of a patent shall be liable as an infringer." (United States Patent and Trademark Office)

35 U.S.C. section 271(f)(1):

"Whoever without authority supplies or causes to be supplied in or from the United States all or a substantial portion of the components of a patented invention, where such components are uncombined in whole or in part, in such manner as to actively induce the combination of such components outside of the United States in a manner that would infringe the patent if such combination occurred within the United States, shall be liable as an infringer." (United States Patent and Trademark Office)

35 U.S.C. section 271(f)(2):

"Whoever without authority supplies or causes to be supplied in or from the United States any component of a patented invention that is especially made or especially adapted for use in the invention and not a staple article or commodity of commerce suitable for substantial noninfringing use, where such

component is uncombined in whole or in part, knowing that such component is so made or adapted and intending that such component will be combined outside of the United States in a manner that would infringe the patent if such combination occurred within the United States, shall be liable as an infringer." (United States Patent and Trademark Office)

Fed. R. Civ. P. 11:

(See pertinent text Appendix A50-A51)

Fed. R. Civ. P. 15(a):

"AMENDMENTS. A party may amend the party's pleading once as a matter of course at any time before a responsive pleading is served or, if the pleading is one to which no responsive pleading is permitted and the action has not been placed upon the trial calendar, the party may so amend it at any time within 20 days after it is served. Otherwise a party may amend the party's pleading only by leave of court or by written consent of the adverse party; and leave shall be freely given when justice so requires. A party shall plead in response to an amended pleading within the time remaining for response to the original pleading or within 10 days after service of the amended pleading, whichever period may be the longer, unless the court otherwise orders."

STATEMENT OF THE CASE

Background

This case is a patent infringement suit by Gerald N. Pellegrini ("Petitioner") against Analog Devices Inc., ("Analog"). The suit was filed on August 1, 2002 in the United States District Court for the District of Massachusetts. In September 2002, at the request of the parties, the district court ordered a phased discovery period to address the single threshold issue ("supplies issue") of whether Analog meets the "supplies or causes to be supplied in or from the United States" requirement of 35 U.S.C. section 271(f)(1) with respect to Analog's ADMC computer chips. In its Memorandum of Decision on May 7, 2003 regarding the "supplies issue" the district court allowed Analog's partial summary judgment motion and denied Petitioner's partial summary judgment motion. On September 23, 2003 the district court entered a final judgment of non-infringement with respect to 35 U.S.C. section 271(f)(1). Petitioner timely appealed this judgment to the United States Court of Appeals for the Federal Circuit. On July 8, 2004 the United States Court of Appeals for the

Federal Circuit affirmed the district court decision. On March 17, 2005, following the Federal Circuit decision in Eolas v. Microsoft, 399 F.3d 1325 (Fed. Cir. 2005) that "software code" may be a "component" under 35 U.S.C. section 271(f), Petitioner requested leave to amend his complaint alleging that Analog supplied "software code" "in or from the United States" in violation of 35 U.S.C. section 271(f). On April 7, 2005 the district court denied Petitioner's request. On May 2, 2005 Analog filed its motion for sanctions alleging that Petitioner lacked pre-filing evidentiary support for direct infringement by Analog's customers under Fed. R. Civ. P. 11. On January 11, 2006 the district court granted Analog's Rule 11 sanctions motion. Following limited discovery to ascertain Petitioner's ability to pay sanctions and subsequent hearing, final judgment dismissing all claims was entered on October 11, 2007. Petitioner timely filed an appeal to the United States Court of Appeals for the Federal Circuit. On June 5, 2008 the United States Court of Appeals for the Federal Circuit affirmed the district court decisions. Following Petitioner's timely request for a panel rehearing, the United States Court of Appeals for the Federal Circuit denied the panel rehearing on July 2, 2008.

Facts of Record Material to Consideration of the Questions Presented

(1) The scope of review of Petitioner's appeal of the district court's September 23, 2003 judgment by the United States Court of Appeals for the Federal Circuit (Pellegrini v. Analog Devices Inc., 375 F.3d 1113 (Fed. Cir. 2004)) was limited to whether Analog supplied ADMC computer chips in or from the United States in violation of 35 U.S.C. section 271(f)(1). See Appendix A18(end of first paragraph), A18-A19(footnote 3), A26, and A29.

(2) Petitioner requested leave to amend his Complaint[1] alleging Analog supplied "computer software code" in or from the United States in violation of 35 U. S. C. section 271(f), which includes section 271 (f)(2). See Appendix A52-A60.

(3) Without any opinion or memorandum of law, the district court denied

[1] Petitioner was somewhat inaccurate in his identification of the exact rule in his pleading here by requesting leave under Fed. R. Civ. P. 15(d) instead of Fed. R. Civ. P. 15(a). However, this Court has stated that complaints by *pro se* litigants are held "to less stringent standards than formal pleadings drafted by lawyers". See Haines v. Kerner, 404 U.S. 519 (1972). In any event Analog has not disputed the "amendment" and the district court regarded the complaint as an "amendment" in the docket entry. See Appendix A13.

Petitioner's request to amend his Complaint "[b]ecause the amendment is futile". See Appendix A13.

(4) Analog filed its motion for Rule 11 sanctions alleging only that Petitioner failed to have pre-filing evidentiary support for direct infringement as a result of Analog's inducement under 35 U.S.C. section 271(b)[2]. See Appendix A61.

(5) In response to Analog's sanctions motion, Petitioner presented evidence supporting direct infringement by Omnirel (one of Analog's customers). This evidence documented Omnirel's manufacture of motor controllers/drivers, and motor control kits including "running" motors using Analog's "EKE" control algorithm, See Appendix A63, A66-A67.

(6) The district court allowed Analog's motion for Rule 11 sanctions based on the clearly erroneous assessment that Omnirel represented **only** that it developed motor control algorithms. See Appendix A7 (last paragraph) and A8.

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[2] Analog did not claim that Petitioner failed to make any of the other required pre-filing inquiries under Rule 11 such as claim construction, infringement analysis etc.

ARGUMENT FOR ALLOWANCE OF WRIT

Introduction

The Supreme Court has supervisory responsibilities over the actions of the lower courts. These responsibilities are especially important when courts have abused their judicial discretion. Judicial discretion empowers courts with a special trust that is not accountable to *de novo* review. Injustices resulting from abuses of discretion are much more difficult to correct than simple "errors of judgment", and this Court's failure to remedy abuses of discretion will foster injustice more than any other failure.

Petitioner herein calls attention of this Court to clear and blatant abuses of discretion committed by the district court in this case, and of clear disregard of the standards set by the Supreme Court for determining abuses of discretion made by the United States Court of Appeals for the Federal Circuit. These abuses of discretion were committed in two separate decisions that the district court has rendered. First was the district court's allowance of sanctions under Fed R. Civ. P. 11, and second was the district court's denial of a request for leave to file an amended complaint. Both of these issues were within the district court's discretion.

Petitioner also wishes to call attention of the Court to the fact that Petitioner is an independent inventor who relies on the protection of the patent laws for his livelihood, and who has been deprived of an opportunity to litigate legitimate patent infringement claims in addition to being unjustly sanctioned in the amount of $20,000 (a large amount in his financial position). Petitioner could not afford the high cost of legal counsel and had no choice but to proceed *pro se* in this litigation. Petitioner has never raised his *pro se* status as an issue and has never requested special treatment in this case. However, in light of the blatantly unfair decisions made in this case, Petitioner is concerned that his *pro se* status has somehow contributed to an indifference to Petitioner's presented evidence and the facts of record. In light of the circumstances of this case, Petitioner fears he will have no confidence that he may in the future address grievances with the courts.

Petitioner pleads that the clear disregard of the Supreme Court's standards relating to abuse of discretion is compelling grounds for granting certiorari. In addition, Petitioner wishes to emphasize that failure to grant certiorari would send a signal that this Court condones a lower court's blatant disregard or neglect of the evidence. This neglect represents fundamental

injustice and a failure of the court system that, in the final analysis, must rely on the presented evidence.

Federal Circuit Decision Directly Conflicts With Cooter & Gell v. Hartmax Corp., 496 U.S. 384 (1990)

The Federal Circuit found no abuse of discretion despite the district court's clearly erroneous assessment of Petitioner's evidentiary support of direct infringement by one of Analog's customers.

In its motion for Rule 11 sanctions before the district court, Analog did not assert that Petitioner failed to make a claim construction analysis or an infringement analysis prior to filing suit. The only basis for Analog's motion was the assertion that Petitioner lacked the required Rule 11 pre-filing evidentiary support for the direct infringement element of Petitioner's claim that Analog induced its customers to infringe under 35 U.S.C. section 271(b). See Appendix A61.

Petitioner presented the district court with documentation of one of Analog's customers, a company called

Omnirel, as evidence of his pre-filing Rule 11 evidentiary support for direct infringement in the United States. This documentation indicated that Omnirel is developing motor controllers/drivers using Analog's motor control chip (ADMC328) and motor control kits. These kits included Analog's accused sensorless "EKE", sinusoidal drive algorithm[3], motor control hardware, and reference to "running" motors. See Appendix A63, A66-A67.

In a contradiction of the presented evidence, demonstrating a clearly erroneous assessment of that evidence, the district court in its decision to grant Analog's motion stated that Omnirel does not claim "to have developed a brushless motor itself, but rather represents **only** that it has developed an algorithm for controlling such motors [emphasis added]." At the same time the district court used this clearly erroneous assessment of the evidence as a basis for finding a lack of evidentiary support for direct infringement by Omnirel when it stated: "Such an algorithm could not infringe either claim 7 or claim 15 of the '069 patent, which require a complete brushless motor including multiple components, including

[3] It is undisputed that Analog's sensorless "EKE", sinusoidal drive algorithm together with supporting hardware was the basis of Petitioner's infringement analysis.

a motor control circuit." See Appendix A7 (last paragraph) and A8. It is clear that the district court was erroneous and neglectful of the evidence concerning Omnirel's development of motor controllers, drivers and motor control kits including "running" motors, and that this error was a basis for the district court decision.

This Court has enunciated the standards that district courts must adhere to regarding the exercise of the important power of judicial discretion. This Court in Cooter stated that it is *necessarily* an abuse of discretion when a district court bases its decision on a clearly erroneous assessment of the evidence. See Id. at 405, "A district court would necessarily abuse its discretion if it based its ruling on an erroneous view of the law or on a clearly erroneous assessment of the evidence."

The record is clear that the district court based its decision granting Analog's motion for Rule 11 sanctions on a clearly erroneous assessment of the evidence regarding Omnirel.

The United States Court of Appeals for the Federal Circuit has, in this case, found that there was no abuse of discretion even when the district court expressly based its decision on the

erroneous fact that Omnirel ***only developed algorithms***. The Federal Circuit indicated (See Appendix A41) that it reviewed the arguments and evidence presented by the Petitioner[4] and found no abuse of discretion. This can only mean that the Federal Circuit found the district court's statement together with the Omnirel evidence did not rise to the level of an abuse of discretion under Cooter.

The Federal Circuit decision is **completely silent**[5] on the issue of the district court's assessment of the evidence regarding the accused direct infringer **Omnirel**. The Federal Circuit opinion did not find that the district court's assessment of the Omnirel evidence was either correct or erroneous. This silence comes in spite of the presented evidence of record. Based on its silence the only interpretation of the Federal Circuit's opinion is therefore that the Federal Circuit did

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[4] The evidence presented to the Federal Circuit included the Omnirel evidence (presented here as Appendix A63, A66-A67; presented to the Federal Circuit as JA 128, JA 132)

[5] The Federal Circuit gives ***only*** the example of ***Analog's Article*** as failing "to demonstrate that the district court applied an incorrect legal test or made a serious mistake regarding a material factor in determining that the Analog article was not sufficient pre-filing evidence." See Appendix A39-A41.

not contest the district court's error[6], but found instead that it did not constitute an abuse of discretion.

The Federal Circuit decision is therefore ***directly contrary*** to this Court's mandate in Cooter concerning standards constituting abuses of discretion.

Federal Circuit Decision Directly Conflicts With Foman v. Davis, 371 U.S. 178 (1962)

On April 7, 2005 the district court denied, without an opinion or memorandum of law, Petitioner's request to amend his complaint. Citing ***no support*** justifying the futility of Petitioner's amended complaint the district court simply stated in the docket entry: "Because the amendment is futile". See Appendix A13.

This Court in Foman clearly indicated that a denial of an amended complaint without justifying reason is an abuse of discretion. See Id. at 182, "refusal to grant the leave without any justifying reason appearing for the denial is not an exercise of discretion; it is merely abuse of that discretion and inconsistent with the spirit of the Federal Rules". The district court

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[6] In light of the record this error is undeniable.

simply stating, "[b]ecause the amendment is futile" cannot be regarded as sufficient justifying reason. There must be some indication as to a basis for the futility supported by the record. Simply stating recognized criteria for denying an amended complaint absent any support in the record or in the case law for that designation is an *outright* denial in the spirit of Foman and an abuse of discretion.

The Federal Circuit in its decision affirming the district court denial, *of its own accord and without the benefit of knowledge of the case details*, offered its justifying reason (not given by the district court) that Petitioner's amended complaint was "futile". In support of its reasoning the Federal Circuit cites Engel Indus., Inc. v. Lockformer Co., 166 F.3d 1379 (Fed. Cir. 1999) at 1383,

> "the court is entitled to assume that an appellant has raised all issues it deems important against a judgment appealed from. An issue that falls **within the scope** of the judgment appealed from but is not raised by the appellant in its opening brief on appeal is necessarily waived. Unless remanded by this court, all issues **within the scope** of the appealed judgment are deemed incorporated within the mandate and thus are precluded from further adjudication [emphasis added]."

See Appendix A45. However, even assuming that the district court's failure to give justifying reason for its denial is not itself an abuse of discretion under Foman, analysis of the reason offered by the Federal Circuit shows *no justifying reason* in light of the record for Petitioner's amended complaint being "futile".

The basis for the reason offered by the Federal Circuit is that "[i]n his prior appeal [i.e., Pellegrini v. Analog Devices, Inc., 375 F.3d 1113 (Fed. Cir. 2004)]" Petitioner "failed to argue that the supply of software was among the actions allegedly taken by Analog in the United States that could result in liability under § 271(f) relating to the accused foreign-made chips." See Appendix A45. Apparently, by citing Engel, the Federal Circuit assumed that Petitioner's amended complaint was "within the scope" of his previous appeal and that Petitioner's amended complaint should have been raised in that appeal.

However, this assumption by the Federal Circuit Court is contrary to the record and Pellegrini. Petitioner's amended complaint differed from the issues in his previous appeal both as to the accused component and as to the applicable statute. In Pellegrini the "components" which Analog was accused of "supplying" was limited to *Analog's ADMC computer chips*, and these ADMC chips were

accused of being a substantial portion of the components of a patented invention under 35 U.S.C. section 271(f)(1)[7]. See Appendix A18 (end of first paragraph), A26, and A29. The Court in Pellegrini also stated (Appendix A18-A19 footnote 3):

> "The district court granted partial summary judgment under *Rule 54(b)* **only** on the question whether Analog's accused **ADMC chips** manufactured outside the United States and never shipped to or from the United States infringed the *'069 patent* as a matter of law. **Because that is the only issue decided by the court and appealed to us**, we state no opinion as to the validity of Pellegrini's remaining causes of action set forth in his complaint,..[emphasis added]"

In contrast to the issue in Pellegrini, Petitioner's amended complaint pertained to liability under 35 U.S.C. section 271(f), which also includes liability under section 271(f)(2), by Analog's supply of "*computer software code*"[8] "being knowingly

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[7] The Court in Pellegrini stated, "the district court entered separate and final judgment in Analog's favor pursuant to *Fed. R. Civ. P. 54(b)* with respect to Pellegrini's claim under section *271(f)(1)*." See Appendix A18.

[8] The Supreme Court has determined that software code in "computer-readable" form, as distinct from computer chips, is itself a "component" under 35

a component especially made or adapted for use in a patented invention"[9]. See Appendix A57, paragraph 6. Whether or not Analog supplied *computer software code* is a totally different question from whether or not Analog supplied *ADMC computer chips*. Clearly, contrary to the Federal Circuit's assumption that Petitioner's amended complaint was "inside the scope" of his previous appeal and therefore "futile", Petitioner's amended complaint was a completely separate and distinct issue, from the points of view of both the accused component and the applicable statute, and therefore "outside the scope" of his previous appeal.

Petitioner's amended complaint pertained to issues clearly outside the scope of the issues raised in his prior appeal, and *could not have been raised* in Pellegrini according to Engel. See Id. at 1382, "[t]he scope of the issues presented to this court on appeal must be measured by the scope of the judgment appealed from, . . . not by the arguments advanced by the appellant." Moreover, the case record indicates that the issue of the supply of "*computer software code*" was "outside the scope" of the limited phased discovery period agreed to by the

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U.S.C. section 271(f). See Microsoft v. AT&T, 127 S. Ct. 1746, 1755 (2007).

[9] This language is consistent with 35 U.S.C. 271(f)(2).

parties prior to the judgment appealed from in Pellegrini[10]. Therefore, the issue of the supply of *"computer software code"*, especially with regards to section 271(f)(2), could not have been raised in that appeal as being outside the scope of discovery. In any event, it should be sufficient to demonstrate that Petitioner's amended complaint is "outside the scope" of his prior appeal by the fact that, as previously mentioned, the court in Pellegrini clearly indicated that the issue in that appeal was limited only to the supply of ADMC chips under section 271(f)(1).

Contrary to the mandate and spirit of Foman, the Federal Circuit failed to find an abuse of discretion by the district court's outright denial of Petitioner's amended complaint. The district court did not give any justifying reason for its finding Petitioner's amended complaint "futile". Nor has the Federal Circuit, having no specific knowledge of the case record and of its own accord, found any justifying reason supported by the record in citing Engel. These actions are clearly

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[10] The phased discovery period, agreed to by the parties in the September 17, 2002 Parties Joint Statement, was limited to the "supplies issue" under 35 U.S.C. section 271(f)(1) with respect to Analog's accused DSPs (later identified as Analog's ADMC computer chips). (See Appendix A68-A77)

contrary to the mandate and spirit of Foman. See Id. at 182:

> "Rule 15(a) declares that leave to amend "shall be freely given when justice so requires"; this mandate is to be heeded. *See generally*, 3 Moore, Federal Practice (2d ed. 1948), ¦¦ 15.08, 15.10. If the underlying facts or circumstances relied upon by a plaintiff may be a proper subject of relief, he ought to be afforded an opportunity to test his claim on the merits. In the absence of any apparent or declared reason -- such as undue delay, bad faith or dilatory motive on the part of the movant, repeated failure to cure deficiencies by amendments previously allowed, undue prejudice to the opposing party by virtue of allowance of the amendment, futility of amendment, etc. -- the leave sought should, as the rules require, be "freely given". Of course, the grant or denial of an opportunity to amend is within the discretion of the District Court, but outright refusal to grant the leave without any justifying reason appearing for the denial is not an exercise of discretion; it is merely abuse of that discretion and inconsistent with the spirit of the Federal Rules."

The ability for plaintiffs to amend their complaints has been long recognized

as fundamental[11] and this Court has clearly stated that a denial of an amended complaint without justifying reason is an abuse of discretion.

Conclusion

There is no greater failure of the judicial system for the Supreme Court to address than abuse of discretion. The actions taken by the courts in this case clearly demonstrate a lack of fundamental fairness and represent an assault upon the integrity of the court itself.

The blatantly erroneous assessment of the evidence that the district court relied upon in its decision to grant Analog's motion for Rule 11 sanctions, the outright denial of Petitioner's amended complaint without justifying reason, and subsequent decision to affirm by the Federal Circuit require this Court's supervision. Failure of this Court to grant Certiorari would allow a district court to arbitrarily assess, and even ignore, material evidence in making its judgment. Failure of this Court to grant Certiorari would also allow a district court to deny leave to file amended complaints without justifying reason. If this Court denies Certiorari, an attorney who has knowledge of this case would be compelled under any code of ethics to inform prospective clients that

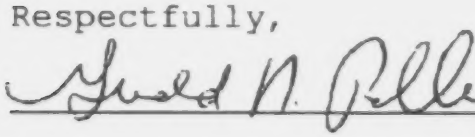
[11] See Fed. R. Civ. P.15(a).

the outcome of their cases could be based on the court's arbitrarily erroneous assessment of the evidence. It is clear that under these circumstances a decision to go forward with litigation in the federal courts would not be based on the actual merits of the case but on some improper basis.

Judicial discretion represents a special power given to the courts of justice to make judgments that cannot be reviewed *de novo*. Abuse of that discretion strikes at the heart of the justice system which this Court must swiftly remedy.

The Petitioner has been severely and unjustifiably damaged by the decisions of the lower courts in this case. Petitioner has found the decisions in this case nothing short of shocking and believes others will similarly found them so. It is Petitioner's sincerest hope and belief that this Court will agree and grant Certiorari in this case.

Respectfully,



Gerald N. Pellegrini, *pro se*

Date: Dec. 3, 2008

APPENDIX

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

CIVIL ACTION NO. 02-11562-RWZ

GERALD N. PELLEGRINI
v.
ANALOG DEVICES, INC.

MEMORANDUM OF DECISION AND ORDER

January 11, 2006

ZOBEL, D.J.

Plaintiff Gerald N. Pellegrini filed suit against Analog Devices, Inc. ("Analog") in August 2002, asserting infringement of U.S. Patent No. 4,651,069 ("the '069 patent"), which claimed invention of a brushless motor with a motor control circuit, and which has since expired. Specifically, Pellegrini claimed that certain chips produced by Analog, known as "ADMC chips," infringe the '069 patent when combined with other components in a particular type of brushless motor. Pellegrini has never asserted that Analog itself infringes the '069 patent, but instead maintains that Analog induced its customers to use the ADMC chips to create infringing devices.

The parties agreed early in the case to resolve the threshold issue whether 35 U.S.C. § 271(f) barred any claims as to those ADMC chips manufactured and sold entirely outside of the United States, and they proceeded

with limited discovery and cross-motions for partial summary judgment on this issue. At the time, it was clear to both parties and the court that any ADMC chips manufactured outside of the United States but sold to customers inside the United States - were minute in number and any possible recovery, even if infringement were proven, would be minuscule. Indeed, Pellegrini represented both to the court and to Analog that if Analog prevailed on the § 271(f) issue, he would voluntarily dismiss the remainder of the case.

In September 2003, I granted Analog's motion for partial summary judgment, concluding that as to those ADMC chips manufactured and sold entirely extraterritorially, dismissal was required under 35 U.S.C. § 271(f). (See Mem. And Order of May 7, 2003). Final judgment was entered in September 2003, and the remaining claims were stayed pending appeal. (See Order of Sept. 24, 2003). In July 2004, the Federal Circuit affirmed. See Pellegrini v. Analog Devices, Inc., 375 F.3d 1113, 1119 (Fed. Cir. 2004). Plaintiff then returned to this court, but instead of voluntarily dismissing the remainder of his claims, he unsuccessfully sought leave to amend his complaint. In response to Analog's concerns - raised at a status conference in January 2005 - that Pellegrini lacked a good faith basis for proceeding with the litigation, the parties agreed to a schedule under which Pellegrini was required by March 1, 2005 to "provide

evidentiary support underlying the good faith basis for his remaining allegations of patent infringement." (Docket No. 54). Dissatisfied with the responses it received, Analog filed a motion for sanctions pursuant to Fed. R. Civ. P. 11(b)(3) on March 3, 2005.

I. Rule 11(b)(3) Analysis

Rule 11(b)(3) requires that all allegations and factual contentions have "evidentiary support." See Antonious v. Finnegan, Henderson, Farabow, Garrett & Dunner, LLP, 275 F.3d 1066, 1074 (Fed. Cir. 2002). Analog argues that Pellegrini "lacked a good faith basis to assert an inducement claim against Analog when [he filed] his complaint,"and that he "still lacks a good faith basis to assert such a claim today, even after nearly three years of litigation." (Def.'s Mot. for Sanctions, at 1). Analog's assertion is based on Pellegrini's failure to offer any evidence of direct infringement by an Analog customer in the United States, a prerequisite of an inducement action. See Linear Tech. Corp. v. Impala Linear Corp., 379 F.3d 1311, 1326 (Fed. Cir. 2004).

Pellegrini objects to Analog's

characterization of the law.[1] He spends much energy, for example, arguing that he is not required to prove direct infringement before he has conducted discovery[2] or before the case goes to the jury. The Federal Circuit has made clear, however, that "[i]n bringing a claim of infringement, the patent holder, if challenged, must be prepared to demonstrate to both the court and the alleged infringer exactly why it believed before filing the claim that it had a reasonable chance of proving infringement." View Eng'g, Inc. v. Robotic Vision Sys., Inc., 208 F.3d 981, 986 (Fed. Cir. 2000). Pellegrini cites Q-Pharma, Inc. v. Andrew Jergens Co., 360 F.3d 1295 (Fed. Cir. 2004), for the proposition that "the key factor in determining whether a patentee [has] performed a reasonable pre-filing inquiry is the presence of an infringement analysis," and that "an infringement analysis can simply consist of a good faith, informed comparison of the claims of a patent against the accused subject

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[1] Indeed, although Pellegrini has not filed a Rule 11 motion against Analog, his opposition clearly invites the imposition of such sanctions. (Pl.'s Opp., at 1 ("Analog's Motion for Sanctions is itself in violation of Fed. R. Civ. P. Rules 11(b)(2) and 11(b)(3)."). Because none of Analog's papers could form the basis for a Rule 11 sanction, the invitation is declined.

[2] The parties did conduct limited discovery for six months as to ADMC chips manufactured and sold entirely outside of the United States.

matter." Id. at 1302. Pellegrini is correct as to the standard enunciated in Q-Pharma, but he has failed to meet it.

In fact, the infringement analysis contained in the claim chart prepared by Pellegrini consists entirely of comparisons between limitations of the '069 patent[3] and various elements described in a paper by Analog scientists. (Pl.'s Opp., at 6 ("The claim charts specifically identify claim elements . . . with structures contained in Analog's article."); id., Ex. A). That paper, however, nowhere discusses the accused ADMC chips, nor does it mention any Analog customer. (See id., Ex. E). It is, as Analog notes, "devoid of any reference to a brushless D.C. motor made, used, sold, offered for sale, or imported in the United States by one of Analog's customers," let alone any indication that such a motor was manufactured using Analog's ADMC chips. Comparing the '069 patent to the descriptions contained in the article is thus useless because the article is completely silent as to "the accused subject matter" against which the patent must be compared. Q-Pharma, 360 F.3d at 1302.

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[3] The claims of the '069 patent were construed by Judge Gorton in a separate matter, see Pellegrini v. Texas Instruments, Inc., No. 99-12378 (Mem. & Order July 9, 2001), and Pellegrini reasonably relies on that construction. Judge Gorton's claim construction, however, is not itself an infringement analysis, but rather only one element of such analysis.

Pellegrini also cites an affidavit and supplemental affidavit of Dr. Bradley Lehman, an expert employed by Pellegrini in another case. (Pl.'s Opp., at 10-11; id., Ex. H). Dr. Lehman, a former Analog researcher, explains in his affidavits that he previously told Pellegrini that he had worked on a project in which the ADMC chip was used in developing motor controllers for brushless DC motors, and that such motor controllers had been used in Sanyo refrigerators and possibly also Electrolux refrigerators. (Pl.'s Opp., Ex. H; Lehman Supp. Aff.). Lehman further states that he "showed [Pellegrini] a picture of a refrigerator that contained the motor controller, taken from an advertisement from Sanyo." (Lehman Supp. Aff.). For several reasons, however, these statements were not sufficient evidence of direct infringement by Analog customers in the United States; relying on them thus did not satisfy Pellegrini's pre-filing inquiry obligation.

First, advertisements alone are generally insufficient evidence of infringement. See View Eng'g, 208 F.3d at 985 (no factual basis for infringement claim where patentee had relied solely on its knowledge of its own patent and defendant's advertising statements); cf. Q-Pharma, 360 F.3d at 1302 (patentee conducted sufficient infringement analysis to avoid Rule 11 sanctions where it did not rely solely on defendant's advertising, but additionally compared

asserted claims with sample of accused product). In this case, there is no suggestion that the alleged picture of a Sanyo refrigerator in any way indicated that it contained a brushless motor using an ADMC chip. Second, although Lehman purports to have told Pellegrini that Sanyo and Electrolux used the ADMC chip, nowhere in his affidavits does Lehman suggest that Sanyo and Electrolux sold refrigerators containing infringing brushless motors in the United States. Indeed, Pellegrini himself is only able to speculate that there was a "possibility that some of Sanyo's refrigerators may have been brought into the United States." (Pl.'s Opp., at 12). As to Electrolux, Pellegrini is only able to note that Electrolux purchased "large volume[s]" of ADMC chips and that Electrolux has "significant sales in the United States." (Id. at 12-13).[4] Such broad facts cannot form a good faith evidentiary basis for bringing a claim of infringement.

Nor is Pellegrini able to muster sufficient evidence of direct infringement by two other Analog customers he names - Omnirel and Amirix. Pellegrini notes that Omnirel and Amirix both claim to have developed a brushless motor control algorithm for use with Analog's ADMC chips. (Pl.'s Opp., at 11;

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[4] Pellegrini makes the identical argument as to Emerson, another Analog customer. For the same reasons, it fails.

id., Exs. I & J). Neither company, however, claims to have developed a brushless motor itself, but rather represents only that it has developed an algorithm for controlling such motors. Such an algorithm could not infringe either claim 7 or claim 15 or the '069 patent, which require a complete brushless motor including multiple components, including a motor control circuit.

To mitigate his clear lack of evidence, Pellegrini suggests that his pro se status, as well as the timeliness of Analog's Rule 11 motion should be taken into account. Courts "never impose sanctions lightly, and are particularly cautious as to pro se litigant[s]," Constant v. United States, 929 F.2d 654, 658 (Fed. Cir. 1991), but even pro se litigants are required to follow procedural rules. Pellegrini is, moreover, amply experienced in litigation, having previously sued Texas Instruments for infringement of the '069 patent. See id. (taking into account pro se plaintiff's previous litigation experience). Although Pellegrini may be appearing pro se, he has apparently received assistance from law firms throughout the litigation. (See Appearance of Thomas C. O'Konski, Esq., Docket No. 63, June 22, 2005; Def.'s Mot., at 7 n.4). As to the timeliness of Analog's motion, Rule 11 itself imposes no time limits. More importantly, Analog's motion was entirely timely.

Analog had no reason to challenge the good-faith basis of Pellegrini's pending claims while the extraterritorial infringement claims were being separately litigated and appealed, since Pellegrini maintained throughout that he would voluntarily dismiss the pending claims if Analog prevailed. Not until January 2005 did Analog receive notice that Pellegrini intended instead to pursue the pending claims. The parties then agreed that Pellegrini had until March 1, 2005 to demonstrate an evidentiary basis for pursuing his claims, and when he failed to do so, Analog immediately filed its motion.

Because Pellegrini has failed to demonstrate any factual basis upon which to claim direct infringement of the '069 by Analog customers in the United States, and because the record demonstrates that Pellegrini failed to conduct a sufficiently reasonable pre-filing inquiry, I find that he has violated Fed. R. Civ. P. 11(b)(3) and that Analog is therefore entitled to sanctions.

II. Rule 11(c) Sanctions

Rule 11(c)(2) directs the court to impose sanctions "sufficient to deter repetition of such conduct." Analog has requested dismissal and reasonable attorneys' fees and costs. Dismissal is clearly warranted, since Pellegrini lacks any factual basis upon which to proceed

with the remaining claims. As for monetary relief, I treat Analog's request as limited to those attorneys' fees and costs accrued since January 2005, the time at which Pellegrini indicated he intended to pursue these claims. Although Analog has argued that Pellegrini had no adequate basis upon which to initially file these claims, it is clear from the history of this case that Pellegrini's intent to pursue these claims (and the need for Analog to defend against them) really only surfaced in January 2005. In this case, Pellegrini, a plaintiff who, while pro se, had prior patent litigation experience as well as the assistance of legal counsel, repeatedly represented both to the defendant and to the court that he would voluntarily dismiss his remaining claims were he to lose on the other portion of the case. He failed to do so, and instead pursued those claims, without any good faith evidentiary basis upon which to do so, and despite discussion in conferences before the court about the need for him to demonstrate such an evidentiary basis or to face possible sanctions. In light of this history, Analog is entitled to recover a reasonable share of its fees and costs. Analog should submit a bill of its fees and costs, from which an appropriate award will be determined.

III. Conclusion

Defendant's motion for sanctions (#58 on the Docket) is allowed. Plaintiff's remaining claims are dismissed, and defendant shall submit a bill of reasonable attorneys' fees and costs accrued since January 2005.

_____ /s/ Rya W. Zobel
DATE RYA W. ZOBEL
UNITED STATES DISTRICT JUDGE

01/06/2005 Judge Rya W. Zobel : endorsed ORDER entered granting 50 motion to Vacate. A status conference held on 1/27/2005 at 3:00 p.m. (Urso, Lisa) Modified on 1/7/2005 (Johnson, Jay). (Entered: 01/06/2005)

01/27/2005 Electronic Clerk's Notes for proceedings held before Judge Rya W. Zobel : Status Conference held on 1/27/2005. Parties to get together re; scheduling issues; claim chart; (Urso, Lisa) (Entered: 02/02/2005)

01/27/2005 52 NOTICE of Appearance by Richard W. O'Neill on behalf of Analog Devices, Inc (O'Neill, Richard) (Entered: 02/11/2005)

02/11/2005 53 NOTICE by Analog Devices, Inc *of Agreed-Upon Case Schedule* (O'Neill, Richard) Additional attachment(s) added on 3/2/2005 (Johnson, Jay). (Entered: 03/01/2005)

03/01/2005 54 NOTICE of Proposed Schedule by Gerald N. Pellegrini (Johnson, Jay) (Entered: 03/07/2005)

03/14/2005 Judge Rya W. Zobel : endorsed ORDER entered. ELECTRONIC ENDORSEMENT re 54 Notice (Other) filed by Gerald N. Pellegrini. The court approves the joint schedule as contained in plaintiffs submission. Defendant is free

to contest plaintiffs evidentiary support for his allegation of patent infringement as any time. Markman hearing set for 1/19/06 at 2:00 p.m.(Urso, Lisa) (Entered: 03/15/2005)

03/18/2005 55 MOTION for Leave to File Supplemental Pleading by Gerald N Pellegrini.(Johnson, Jay) (Entered: 03/22/2005)

04/01/2005 56 Opposition re 55 MOTION for Leave to File *Supplemental Pleading* filed by Analog Devices, Inc. (Attachments: #1)(O'Neill,Richard)(Entered: 04/01/2005)

04/07/2005 57 MOTION for Leave to File Reply by Gerald N. Pellegrini. (Attachments:Reply to Defendant's Opposition to Plaintiffs Rule 15(d) Motion # 1.)(Johnson, Jay) (Entered: 04/07/2005)

04/07/2005 Judge Rya W. Zobel : endorsed ORDER entered denying 55 Motion for Leave to File. Because the amendment is futile. (Urso, Lisa) (Entered: 04/07/2005)

05/02/2005 58 MOTION for Sanctions by Analog Devices, Inc. (Attachments: # 1 Exhibits A-G)(O'Neill, Richard) (Entered: 05/02/2005)

05/16/2005 59 Opposition re 58 MOTION for Sanctions filed by Gerald N. Pellegrini. (Attachments: # 1 # 2 # 3 # 4 # 5 # 6 # 7 # 8 # 9 # 10 # 11)(Johnson, Jay) (Entered: 05/17/2005)

05/26/2005 60 MOTION for Leave to File *Reply Brief* by Analog Devices, Inc.(O'Neill, Richard) (Entered: 05/26/2005)

05/26/2005 61 MEMORANDUM in Support re 58 MOTION for Sanctions filed by Analog Devices, Inc. (O'Neill, Richard) (Entered: 05/26/2005)

05/27/2005 Notice of correction to docket made by Court staff. Correction: #61 Memorandum in Support corrected because: Motion for leave to file this

GERALD N. PELLEGRINI, Plaintiff-Appellant, v. ANALOG DEVICES, INC., Defendant-Appellee.

04-1054

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

375 F.3d 1113; 2004 U.S. App. LEXIS 14017; 71 U.S.P.Q.2D (BNA) 1630

July 8, 2004, Decided

PRIOR HISTORY: [**1] Appealed from: United States District Court for the District of Massachusetts. Judge Rya W. Zobel. *Pellegrini v. Analog Devices, Inc., 2003 U.S. Dist. LEXIS 7598 (D. Mass., May 7, 2003)*

DISPOSITION: Affirmed.

LexisNexis(R) Headnotes

COUNSEL: Gerald N. Pellegrini, Worcester Electromagnetics Partnership, of Wellesley, Massachusetts, pro se.

Wayne L. Stoner, Hale and Dorr, of Boston, Massachusetts, for defendant-appellee. Of counsel was Richard W. O'Neill.

JUDGES: Before LOURIE, RADER, and BRYSON, Circuit Judges.

OPINIONBY: LOURIE

OPINION: [*1114] LOURIE, Circuit Judge.

Gerald Pellegrini appeals from the decision of the United States District Court for the District of Massachusetts granting partial summary judgment in favor of Analog Devices, Inc. ("Analog") in a patent infringement suit. *Pellegrini v. Analog Devices, Inc., 2003 U.S. Dist. LEXIS 7598, No. 02-11562-RWZ (D. Mass. May 7, 2003)* (Memorandum of Decision).

Because there are no genuine issues of material fact in dispute and Analog is entitled to partial judgment as a matter of law, we affirm.

BACKGROUND

Pellegrini is the sole inventor and owner of *U.S. Patent 4,651,069*, directed to brushless motor drive circuits. Analog develops and fabricates integrated circuit chips, including a line of chips called "ADMC" chips. In August 2002, Pellegrini sued Analog, alleging direct infringement [**2] and inducement of infringement of the *'069 patent*, contending that certain claims of the *'069 patent* read on the combination of ADMC chips and other components in brushless motors. Both parties moved for summary judgment.

[*1115] It is undisputed that the ADMC chips are manufactured exclusively outside of the United States. n1 It is also undisputed that most of those chips are sold and shipped to customers outside the United States. n2 Noting that the U.S. patent laws do not have extraterritorial effect, the district court granted Analog's motion for partial summary judgment with respect to products containing those chips (hereinafter, "ADMC products") sold and shipped to non-U.S. customers, and the court denied Pellegrini's motion. The district court rejected Pellegrini's argument that, because Analog's headquarters are located

in the United States and instructions for the production and disposition of the ADMC chips emanate from the United States, the chips should be regarded as having been "supplied or caused to be supplied in or from the United States" and Analog should be liable as an infringer under *35 U.S.C. § 271(f)(1)*. Accordingly, the district court entered [**3] separate and final judgment in Analog's favor pursuant to *Fed. R. Civ. P. 54(b)* with respect to Pellegrini's claim under *§ 271(f)(1)*. n3

n1 The ADMC chips are manufactured by Analog in Ireland and by two independent contractors hired by Analog in Taiwan.

n2 Analog concedes that it has imported a small number of ADMC chips into the United States, e.g., for testing purposes, but those chips are not the subject of the summary judgment on appeal.

n3 The district court granted partial summary judgment under *Rule 54(b)* only on the question whether Analog's accused ADMC chips manufactured outside the United States and never shipped to or from the United States infringed the *'069 patent* as a matter of law. Because that is the only issue decided by the court and appealed to us, we state no opinion as to the viability of

Pellegrini's remaining causes of action set forth in his complaint, including his claims that Analog induced its customers to infringe the *'069 patent* and directly infringed the *'069 patent* by having imported the ADMC chips for testing.

[**4]

Pellegrini timely appealed to this court. We have jurisdiction pursuant to *28 U.S.C. § 1295(a)(1)*.

DISCUSSION

Summary judgment is appropriate when there are no genuine issues of material fact and the moving party is entitled to judgment as a matter of law. *Fed. R. Civ. P. 56(c); Johns Hopkins Univ. v. Cellpro, Inc., 152 F.3d 1342, 1353 (Fed. Cir. 1998)*. We review a district court's grant of summary judgment de novo, reapplying the summary judgment standard. *Conroy v. Reebok Int'l, 14 F.3d 1570, 1575 (Fed. Cir. 1994)*. Additionally, "when evaluating a motion for summary judgment, the court views the record evidence through the prism of the evidentiary standard of proof that would pertain at a trial on the merits." *Eli Lilly & Co. v. Barr Labs., Inc., 251 F.3d 955, 962 (Fed. Cir. 2001)*. In that process, we draw all justifiable inferences in the nonmovant's favor. *Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 255, 91 L. Ed. 2d 202, 106 S. Ct. 2505 (1986)*. We also review the

district court's statutory construction de novo. *Bayer AG v. Housey Pharms., Inc., 340 F.3d 1367, 1370 (Fed. Cir. 2003)*. [**5]

This case presents the question whether components that are manufactured outside the United States and never physically shipped to or from the United States may nonetheless be "supplied or caused to be supplied in or from the United States" within the meaning of *35 U.S.C. § 271(f)(1)* if those components are designed within the United States and the instructions for their manufacture and disposition are transmitted from within the United States. This is a matter of first [*1116] impression for this court. According to *§ 271(f)(1)*,

> Whoever without authority supplies or causes to be supplied in or from the United States all or a substantial portion of the components of a patented invention, where such components are uncombined in whole or in part, in such a manner as to actively induce the combination of such components outside the United States in a manner that would infringe the patent if such combination occurred within the United States shall be liable as an infringer.

35 U.S.C. § 271(f)(1) (2000). Section 271(f) was enacted in the wake of the United States Supreme Court's decision in *Deepsouth Packing Co. v. Laitram Corp., 406 U.S. 518, 32 L. Ed. 2d 273, 92 S. Ct. 1700 (1972),* [**6] in which the Court acknowledged that unauthorized manufacturers of patented products could avoid liability for infringement under the then- existing law by manufacturing the unassembled components of those products in the United States and then shipping them outside the United States for assembly. Congress enacted *§ 271(f)* in order to close that loophole. *Rotec Indus., Inc. v. Mitsubishi Corp., 215 F.3d 1246, 1250 n.2 (Fed. Cir. 2000).* As explained in the Congressional Record:

> *Section 101* [of the Bill] makes two major changes in the patent law in order to avoid encouraging manufacturers outside the United States.
>
> . . . .
>
> *[Section 271(f)]* will prevent copiers from avoiding U.S. patents by supplying components of a patented product in this country so that the assembly of the components may be completed abroad. This proposal responds to the . . . decision in Deepsouth . . . concerning the need for a legislative solution to close a loophole in patent law.

130 Cong. Rec. H10525 (1984).

On appeal, Pellegrini asserts that the district court failed to consider, or at least did not address, certain relevant facts and that the court misapplied and incorrectly [**7] interpreted controlling case law. In his first argument, Pellegrini contends that the record shows that Analog is incorporated in the United States and has executive, marketing, and product line responsibilities for ADMC products; that Analog conceived and designed the ADMC products; that Analog is the exclusive manufacturer of ADMC products; that Analog makes all development and production decisions for ADMC products; that Analog is responsible for the fabrication, assembly, and testing of ADMC products; that ADMC uses, subcontracts with, and pays others for the express purpose of the proprietary fabrication, assembly, and testing of ADMC products; that Analog's ADMC products are capable of motor control; that Analog sets budgetary pricing and receives payment for ADMC products sold worldwide; and that Analog receives purchase orders from and invoices customers worldwide for ADMC products and increases production levels for ADMC products in response to those purchase orders. According to Pellegrini, these facts satisfy the "supplies" requirement of *§ 271(f)(1)* because they evidence acts

of infringement occurring inside the United States.

Analog responds that Pellegrini's facts [**8] are not supported by the record, but, even if they are credited, they are irrelevant because they do not demonstrate that the accused ADMC chips at issue were "supplied in or from the United States." According to Analog, *§ 271(f)(1)* is simply inapplicable to products manufactured outside the United States and never shipped to or from the United States.

[*1117] Pellegrini then argues that Analog exports its ADMC products, regardless of their origin, from the United States. That contention is based on the fact that Analog apparently includes the following boilerplate statement on all of its commercial invoices, even for shipments that originate outside the United States:

> These commodities, technology, or software were exported from the United States for ultimate destination to (Enter Countries), in accordance with Export Administration Regulations. Diversion contrary to US Law prohibited.
>
> Above listed products may be assembled in one or more of the following countries, HONG KONG, INDONESIA, IRELAND, KOREA,

PHILIPPINES, TAIWAN, THAILAND, MALAYSIA, or SINGAPORE.

Pellegrini does not contend that Analog's ADMC chips are in fact physically exported from the United States. [**9] Rather, he points out that Analog explained to the district court that the above statement is included to demonstrate compliance with U.S. export laws, and he argues that Analog should not be allowed to enjoy the benefit of such a declaration with respect to U.S. export laws while simultaneously escaping liability under U.S. patent laws.

Analog responds that the above-quoted boilerplate language is included in its invoices only out of an abundance of caution and does not indicate whether the products were ever physically present in the United States or if they were shipped to or from the United States. Analog points out that the U.S. Supreme Court explained nearly 150 years ago in *Brown v. Duchesne, 60 U.S. (19 How.) 183, 15 L. Ed. 595 (1857)*, that the U.S. patent laws "do not, and were not intended to, operate beyond the limits of the United States." *Id. at 195*; see also *Int'l Rectifier Corp. v. Samsung Elecs. Co., 361 F.3d 1355, 1360 (Fed. Cir. 2004)*. Analog also points out that Pellegrini made a deliberate decision not to seek foreign patent protection for the invention claimed in the *'069 patent*, and he is bound by the obvious [**10] and

foreseeable consequences of that decision.

We agree with Analog that § 271(f)(1) does not apply to the facts of this case. First, *§ 271(f)* is clear on its face. It applies only where components of a patent invention are physically present in the United States and then either sold or exported "in such a manner as to actively induce the combination of such components outside the United States in a manner that would infringe the patent if such combination occurred within the United States." Secondly, as Pellegrini himself recognizes, we explained in *North American Philips v. American Vending Sales, Inc., 35 F.3d 1576 (Fed. Cir. 1994)*, that "the 'tort' of patent infringement occurs where the offending act [making, using, selling, offering for sale, or importing] is committed and not where the injury is felt." *Id. at 1579*. There is no dispute that the ADMC chips are not made, used, sold, or offered for sale in the United States. The plain language of *§ 271(f)(1)* focuses on the location of the accused components, not the accused infringer. Pellegrini contends that it is irrelevant that the chips within the scope of the partial summary judgment [**11] never enter the United States, because to impose a location requirement would lead to a "seemingly contradictory construction of *§ 271(f)(1)*." According to Pellegrini, "it is difficult to understand how the

combination of such components outside the United States can occur if they are inside the United States." However, the language of *§ 271(f)* clearly contemplates that there must be an intervening sale or exportation; there can be no liability under *§ 271(f)(1)* unless components are shipped from the United States for assembly.

[*1118] As stated above, Analog does not make, use, sell, or offer to sell ADMC products in the United States, and it does not import ADMC products into the United States. Analog also does not supply ADMC chips in or from the United States, and does not cause ADMC chips to be supplied in or from the United States. Thus, *35 U.S.C. § 271(f)(1)* is inapplicable. "Supplying or causing to be supplied" in *§ 271(f)(1)* clearly refers to physical supply of components, not simply to the supply of instructions or corporate oversight. In other words, although Analog may be giving instructions from the United States that cause the components of the patented [**12] invention to be supplied, it is undisputed that those components are not being supplied in or from the United States.

Moreover, the fact that Analog notes on its invoices that its "commodities" were exported from the United States does not stand up against the uncontested fact that no ADMC chips were exported from the

United States. Compliance with the export laws is not an issue before this court.

Pellegrini further argues that *Crowell v. Baker Oil Tools, 143 F.2d 1003 (9th Cir. 1944)*, demonstrates that liability as a "manufacturer" does not require the performance of the actual physical manufacturing. Although Pellegrini's statement is correct insofar as Crowell held that one cannot escape liability for infringement as a manufacturer of infringing products simply by employing an agent or independent contractor to carry out the actual physical manufacturing, *id. at 1004* ("It is obvious that one may infringe a patent if he employ an agent for that purpose or have the offending articles manufactured for him by a independent contractor."), there is no suggestion in Crowell that the manufacturing need not nonetheless be carried out in the United [**13] States. As stated above, Analog's defense is not based on the use of a contractor, but rather on extraterritorial manufacture.

Finally, Pellegrini contends that the district court's reliance on our decision in Rotec was incorrect and misplaced. Pellegrini points out that in Rotec, no U.S. defendant was alleged to be the manufacturer or seller of the accused components, whereas it is undisputed that Analog is the exclusive manufacturer of the ADMC products sold worldwide or that Analog invoices and receives payment for those products. Although factually

correct, that distinction is legally unavailing. The present case is analogous to *Rotec* in the only sense that matters here: Analog's ADMC chips within the scope of the summary judgment, like the crane and conveyor belt system components at issue in Rotec, are not made in, used in, sold in, offered for sale in, or imported into the United States, *215 F.3d at 1247, 1256*, and they are therefore outside of the reach of U.S. patent laws. As in Rotec, the present record "contains no evidence that any Defendant 'supplied or caused to supply' any component of a patented invention in or from the United States. [**14] " *Id. at 1256*. Pellegrini speculates that "had there been admissible evidence to show an 'offer for sale' occurring in the United States [in Rotec], the Court would have judged otherwise." Be that as it may, there is no evidence of record here that Analog has offered to sell the ADMC chips domestically. Although Analog receives purchase orders, has responsibility for worldwide manufacturing and sales of ADMC products, and has marketing and product line responsibilities for ADMC products, there is no evidence of record that any of that manufacturing occurs in the United States or that Analog offers to sell those products in the United States. As the Supreme Court explained in *Dowagiac Mfg. Co. v. Minn. Moline Plow Co., 235 U.S. 641, 59* [*1119] *L. Ed. 398, 35 S. Ct. 221, 1915 Dec. Comm'r Pat. 320 (1915)*, "the right conferred by a patent

under our law is confined to the United States and its territories, and infringement of this right cannot be predicated on acts wholly done in a foreign country." *Id. at 650.*

We have considered Pellegrini's other arguments and find them unpersuasive.

CONCLUSION

Because there is no genuine issue of material fact and Analog is entitled to judgment [**15] as a matter of law with respect to the ADMC products that are not manufactured in the United States and are never shipped to or from the United States, the decision of the district court is

AFFIRMED.

NOTE: This order is nonprecedential.

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

ORDER

Before Bryson, Circuit Judge, Prost, Circuit Judge, and Zagel, District Judge.

A petition for rehearing having been filed by the Appellant, UPON CONSIDERATION THEREOF, it is ORDERED that the petition for rehearing be, and the same hereby is, DENIED. The mandate of the court will issue on July, 9, 2008.

FOR THE COURT,

/s/ Jan Horbaly

Jan Horbaly

Clerk

Dated: 07/02/2008

Cc: Gerald N. Pellegrini
Wayne L. Stoner

PELLEGRINI V ANALOG DEVICES, 2008-1091
(DCT - 02-CV-11562)

NOTE: This disposition is nonprecedential.

United States Court of Appeals for the Federal Circuit

2008-1091

GERALD N. PELLEGRINI,

Plaintiff-Appellant,

v.

ANALOG DEVICES, INC.,

Defendant-Appellee.

Gerald N. Pellegrini, of Worcester, Massachusetts,
Appearing pro se.

Wayne L. Stoner, Wilmer Cutler Pickering Hale and Dorr LLP, of Boston, Massachusetts, for defendant-appellee. With him on the brief were Richard W. O'Neill and Jordan L. Hirsch.

Appealed from: United States District Court for the District of Massachusetts

Judge Rya W. Zobel

NOTE: This disposition is nonprecedential.

United States Court of Appeals for the Federal Circuit

2008-1091

GERALD N. PELLEGRINI,

Plaintiff-Appellant,

v.

ANALOG DEVICES, INC.,

Defendant-Appellee.

Appeal from the United States District Court for the District of Massachusetts in case no. 02-CV-11562, Judge Rya W. Zobel.

DECIDED: June 5, 2008

Before BRYSON and PROST, Circuit Judges, and ZAGEL, District Judge*.

PER CURIAM.

Gerald N. Pellegrini appeals the decisions of the United States District Court for the District of Massachusetts granting Analog Devices, Inc.'s ("Analog") motion for sanctions, denying Mr. Pellegrini's request for sanctions,

and denying Mr. Pellegrini's requests to amend the complaint. We affirm.

* Honorable James T. Zagel, District Judge, United States District Court for the Northern District of Illinois, sitting by designation

BACKGROUND

In August 2002, Mr. Pellegrini sued Analog in the United States District Court for the District of Massachusetts alleging infringement of U.S. Patent No. 4,651,069 ("'069 Patent"). Mr. Pellegrini alleged that some of Analog's chips, its "ADMC chips," infringe the '069 Patent claims directed to motor drive circuits when combined with other components in a brushless motor. Pursuant to an agreement of the parties, the district court, early in the case, allowed limited discovery and cross-motions for partial summary judgment addressing the issue of whether Analog's accused ADMC chips manufactured outside the United States and never shipped to or from the United States infringed the '069 Patent under 35 U.S.C. § 271(f). The district court noted that

> [a]t the time, it was clear to both parties and the court that any ADMC chips manufactured outside of the United States but sold to customers inside the United States -- were minute in number and any possible recovery, even if infringement were

> proven, would be minuscule. Indeed, Pellegrini represented both to the court and to Analog that if Analog prevailed on the § 271(f) issue, he would voluntarily dismiss the remainder of the case.

Pellegrini v. Analog Devices, Inc., No. 02-CV-11562, 2006 U.S. Dist. LEXIS 726, at *2 (D. Mass. Jan. 11, 2006) ("Jan. 2006 Order").

In May 2003, the district court granted Analog's motion for partial summary judgment of noninfringement, dismissing Mr. Pellegrini's claims under § 271(f) regarding Analog's chips manufactured and sold entirely outside of the United States. In September 2003, final judgment was entered pursuant to Fed. R. Civ. P. 54(b), and the remaining claims were stayed pending appeal. In July 2004, this court affirmed. Pellegrini v. Analog Devices, Inc., 375 F.3d 1113, 1118-19 (Fed. Cir. 2004).

Thereafter, Mr. Pellegrini returned to the district court, but he did not voluntarily dismiss his remaining claims. Instead, he sought leave from the district court to amend his complaint in order to assert additional claims. At a status conference in January 2005, pursuant to an agreement of the parties, Mr. Pellegrini was given until March 1, 2005 to "provide evidentiary support underlying the good faith basis for his remaining allegations of patent infringement." See Jan. 2006 Order, at

*3. When he failed to do so, Analog filed a motion for sanctions, claiming that "Pellegrini violated Rule 11 by accusing Analog of inducing infringement under 35 U.S.C. § 271(b) without having 'evidentiary support' of direct infringement by Analog's customers." On January 11, 2006, the district court granted Analog's motion for Rule 11 sanctions and dismissed Mr. Pellegrini's remaining claims. Jan. 2006 Order. Mr. Pellegrini appealed.

We have jurisdiction pursuant to 28 U.S.C. §1295(a)(1).

DISCUSSION

A. Standard of Review

We apply the law of the regional circuit in which the district court sits in review of the court's decisions regarding sanctions and requests to amend. See Innova/Pure Water, Inc. v. Safari Water Filtration Sys., Inc., 381 F.3d 1111, 1124 (Fed. Cir. 2004) (providing that a district court's denial of a motion to amend a complaint "is a nonpatent matter where we apply the law of the circuit in which the district court sits"); Phonometrics, Inc. v. Economy Inns of Am., 349 F.3d 1356, 1361 (Fed. Cir. 2003) ("We apply regional circuit law when reviewing the imposition of Rule 11 sanctions."). Applying the standard that would be applied in the

First Circuit, we review for an abuse of discretion the district court's decisions granting Analog's motion for sanctions, denying Mr. Pellegrini's request for sanctions, and denying Mr. Pellegrini's requests to amend the complaint. See Torres-Alamo v. Puerto Rico, 502 F.3d 20, 25 (1st Cir. 2007) ("We review the district court's denial of Appellant's motion to amend for abuse of discretion."); Anderson v. Beatrice Foods Co., 900 F.2d 388, 393 (1st Cir. 1990) ("It is axiomatic that, 'absent abuse of discretion, we will not disturb a district court's choice of sanctions.'" (quoting Fashion House, Inc. v. K Mart Corp., 892 F.2d 1076, 1081 (1st Cir. 1989))). The First Circuit has explained that "[a]buse [of discretion] occurs when a material factor deserving significant weight is ignored, when an improper factor is relied upon, or when all proper and no improper factors are assessed, but the court makes a serious mistake in weighing them." Anderson, 900 F.2d at 394 (quoting Fashion House, 892 F.2d at 1081).

B. Analog's Motion for Sanctions

As previously discussed, the district court granted Analog's motion for Rule 11 sanctions, concluding that Mr. Pellegrini "failed to demonstrate any factual basis upon which to claim direct infringement of the '069 by Analog customers in the United States," and that

he "failed to conduct a sufficiently reasonable pre-filing inquiry" in violation of Fed. R. Civ. P. 11(b)(3). Jan. 2006 Order, at*11. The district court directed Analog to submit a bill of reasonable attorney fees and costs accrued since January 2005, for determination of an appropriate award of sanctions. In February 2006, Analog requested $217,503.14 in attorney fees and costs. Mr. Pellegrini, who appeared pro se in the case, opposed the requested amount of fees and costs, arguing that they were both unreasonable and beyond that which he could afford.[1] The district court ordered Mr. Pellegrini to submit documentation regarding his financial circumstances and ability to pay the attorney fees and costs. Thereafter, upon the recommendation of the magistrate judge who held an evidentiary hearing on the matter, the district court ordered Mr. Pellegrini to pay a sanction in the amount of $20,000.

On appeal, Mr. Pellegrini claims that the district court made several errors in granting Analog's motion for sanctions. His arguments include claims that the district court

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[1] The district court noted that, "[a]lthough Pellegrini may be appearing pro se, he has apparently received assistance from law firms throughout the litigation. (See Appearance of Thomas C. O'Konski, Esq., Docket No. 63, June 22, 2005; Def.'s Mot., at 7 n.4)." Jan. 2006 Order, at *10.

erred in finding Analog's motion for sanctions to be timely and that it erred in determining that he failed to demonstrate any factual basis to support a claim of direct infringement in the United States and that he failed to perform a reasonable pre-filing inquiry.

First, as to the timeliness of Analog's motion for sanctions, the district court noted that "Analog had no reason to challenge the good-faith basis of Pellegrini's pending claims while the extraterritorial infringement claims were being separately litigated and appealed, since Pellegrini maintained throughout that he would voluntarily dismiss the pending claims if Analog prevailed." Jan. 2006 Order, at *10. Analog did not receive notice that Mr. Pellegrini intended to pursue the pending claims, despite being unsuccessful on appeal, until January 2005. Then, pursuant to an agreement of the parties, Mr. Pellegrini was given until March 1, 2005 to demonstrate an evidentiary basis for the pending claims. Analog filed its motion for sanctions when Mr. Pellegrini failed to do so within the agreed timeline. In light of the foregoing, we conclude that the district court did not abuse its discretion in finding that Analog's motion for sanctions was timely.

Second, as the district court noted, this court has explained that

> [i]n bringing a claim of infringement, the patent holder, if challenged, must be prepared to demonstrate to both the court and the alleged infringer exactly why it believed before filing the claim that it had a reasonable chance of proving infringement. Failure to do so should ordinarily result in the district court expressing its broad discretion in favor of Rule 11 sanctions, at least in the absence of a sound excuse or considerable mitigating circumstances.

View Eng'g, Inc. v. Robotic Vision Sys., Inc., 208 F.3d 981, 986 (Fed. Cir. 2000). On appeal, Mr. Pellegrini points to several pieces of evidence that he claims the district court either misunderstood or ignored in determining that he failed to demonstrate a sufficient factual basis to support a claim of direct infringement in the United States and that he failed to perform a reasonable pre-filing inquiry. For example, Mr. Pellegrini argues that, inter alia, an article written by Analog representatives is "sufficient pre-filing evidence," claiming that

> [t]he fact that this Article was available worldwide is itself circumstantial evidence of direct infringement since: (1) it is specifically intended to induce customers worldwide to use its EKE

> sensorless motor control with its ADMC chips, and (2) there is more than a "reasonable chance" that someone in the United States practiced the EKE motor control described in the Article.

In light of the record, we conclude that Mr. Pellegrini failed to demonstrate that the district court applied an incorrect legal test or made a serious mistake regarding a material factor in determining that the Analog article was not sufficient pre-filing evidence.[2]

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[2] Mr. Pellegrini argues that the district court's analysis was flawed because, inter alia, the district court incorrectly stated that Analog's article did not mention the ADMC chips. Analog acknowledges that the district court incorrectly stated that the Analog article did not mention the ADMC chips. Analog submits, however, that "[t]his oversight is immaterial" because "[t]he relevant aspect of the district court's analysis—that the article does not evidence direct infringement by a third party in the United States—was based on the court's determination that the article does not discuss any Analog customers or any activities of any such customer in the United States." We note that the district court agreed with Analog that the article is "devoid of any reference to a brushless D.C. motor made, used, sold, offered for sale, or imported in the United States by one of Analog's customers." Jan. 2006 Order, at *6. Thus, we are not persuaded by Pellegrini's

Likewise, we have considered all of Mr. Pellegrini's other arguments regarding the purported factual basis for his claims and we conclude that the district court did not abuse its discretion in finding that he "failed to demonstrate any factual basis upon which to claim direct infringement of the '069 by Analog customers in the United States," and that he "failed to conduct a sufficiently reasonable pre-filing inquiry" in violation of Fed. R. Civ. P. 11(b)(3). Jan. 2006 Order, at *10-11.

We defer to the district court's discretion as to whether to sanction a litigant who continues to pursue claims without an evidentiary basis, particularly where said litigant previously told the district court that he would voluntarily dismiss these claims after his first unsuccessful appeal to this court.[3] "Because the imposition of

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arguments that the district court's incorrect statement that the article did not mention the ADMC chips was material to its conclusion that he failed to demonstrate any factual basis upon which to claim direct infringement by Analog customers in the United States.

[3] On appeal Pellegrini denies that he ever represented to the court that he would voluntarily dismiss his remaining claims if he did not prevail on the threshold issue in his first appeal. Mr. Pellegrini claims that the district court relied solely on Analog's version of the facts as to this point. We note, however, that the district court stated that, "Pellegrini represented both to the court and to Analog that if Analog prevailed on

sanctions is peculiarly within the province of the court in which the challenged conduct occurs, a party complaining to an appellate tribunal in respect to trial-level sanctions 'bears a heavy burden of demonstrating that the trial judge was clearly not justified in entering [the] order.'" Anderson, 900 F.2d at 393 (quoting Spiller v. U.S.V. Labs., Inc., 842 F.2d 535, 537 (1st Cir. 1988)). We conclude that Mr. Pellegrini failed to demonstrate that the district judge was "clearly not justified" in the sanction awarded.

C. Mr. Pellegrini's Motion for Sanctions

Mr. Pellegrini claims that the district court abused its discretion in denying his request for sanctions against Analog. Mr. Pellegrini's request for sanctions is primarily based on what he views to be legally and factually erroneous arguments made by Analog in pleadings to the district court.

For example, one of the factual disputes involves the following representation made by Mr. Pellegrini to

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the § 271(f) issue, he would voluntarily dismiss the remainder of the case." Jan. 2006 Order, at *2 (emphasis added). Thus, the district court did not rely solely on Analog's version of the facts, as it appears that Mr. Pellegrini made the disputed representation directly to the court (in addition to Analog). We are not persuaded by Mr. Pellegrini's arguments to the contrary.

the district court: "The payment to Plaintiff from the settlement with Texas Instruments . . . was used to pay litigation costs (approximately fifty percent) and forty percent of the remainder went to Mr. Herring." Characterizing the foregoing representation, Analog argued to the district court that Mr. Pellegrini misrepresented his financial status to the court by, inter alia, "represent[ing] to the Court that he received only ten percent of the TI settlement money." On appeal, Analog submits that it read the statement "forty percent of the remainder" to refer to forty percent of the total settlement, rather than forty percent of the amount remaining after paying litigation fees (i.e., twenty percent of the total settlement, calculated as forty percent of the remaining fifty percent of the settlement). Even assuming that Analog's interpretation of Mr. Pellegrini's representation was erroneous, however, the district court did not abuse its discretion in deciding not to sanction Analog for this interpretation.

We have considered the other legal and factual disputes cited in support of Mr. Pellegrini's request for sanctions and, even though he may have ultimately prevailed in many of the cited factual and legal disagreements, he has not shown that the district court abused its discretion in refusing to sanction Analog for its contrary positions.

D. Mr. Pellegrini's Request to Amend his Complaint

In March 2005, Mr. Pellegrini requested permission to supplement his pleadings to include a claim of infringement under 35 U.S.C. § 271(f) alleging that Analog supplied "software code" from the United States for combination outside the United States. Essentially, Mr. Pellegrini sought to claim that Analog infringed the '069 Patent under § 271(f) by allegedly supplying software from the United States to be downloaded on foreign-made chips and then combined with other components in a brushless motor. In April 2005, the district court denied this request as "futile." In May 2007, Mr. Pellegrini requested permission to file an amended complaint to include a claim of infringement under § 271(f) alleging that Analog supplied "computer-readable software" from the United States for combination outside of the United States. In October 2007, the district court denied this request as both "futile and late."

Analog argued to the district court, as it does on appeal, that Mr. Pellegrini's requests to amend to add software-based § 271(f) claims are "futile" because they are barred by issue preclusion, claim preclusion, and the law of the case doctrine. We have previously stated that

> the court is entitled to assume that an appellant has raised all issues it deems important against a judgment appealed from. An issue that falls within the scope of the judgment appealed from but is not raised by the appellant in its opening brief on appeal is necessarily waived. Unless remanded by this court, all issues within the scope of the appealed judgment are deemed incorporated within the mandate and thus are precluded from further adjudication.

Engel Indus., Inc. v. Lockformer Co., 166 F.3d 1379, 1383 (Fed. Cir. 1999). In his prior appeal of the district court's grant of partial summary judgment of non-infringement under § 271(f), Mr. Pellegrini failed to argue that the supply of software was among the actions allegedly taken by Analog in the United States that could result in liability under § 271(f) relating to the accused foreign-made chips.

Analog argues that Mr. Pellegrini's requests were futile because his "proposed amendments sought to allege § 271(f) infringement with respect to the same software residing on the same chips already found by this Court and the district court to not infringe as a matter of law under the same statutory provision." It also argues that Mr. Pellegrini's attempt to distinguish its

requested § 271(f) claims relating to software from those relating to the accused foreign-made chips "does not make sense" because "[t]he Analog software referenced by Pellegrini is intended for use with Analog's ADMC chips."

Mr. Pellegrini argues that his requests to amend were not futile because

> [t]he only issue that was adjudicated by the district court and this Court was whether Analog's generic (i.e., non-application specific and programmable) ADMC chips that were manufactured outside the United States were supplied in or from the United States under 35 U.S.C. section 271(f).
> The issue of whether Analog's "computer-readable software", developed inside the United States, was supplied, or caused to be supplied, in or from the United States is clearly a completely separate issue and is the issue raised in Pellegrini's amended complaint.

Additionally, Mr. Pellegrini seemingly attempts to justify his failure to raise this argument during his prior appeal by stating that the March 2005 request was "filed shortly after (fifteen days) the law came into effect in [Eolas Technologies Inc. v. Microsoft Corp., 399 F.3d 1325 (Fed. Cir. 2005)] that

'software code' may be a 'proper subject of relief' under section 271(f)."

Contrary to Mr. Pellegrini's suggestion, however, the Eolas decision did not change the law regarding whether software qualifies as a "component" under § 271(f); rather, it interpreted what § 271(f) has always meant. See id. at 1338-40 (interpreting § 271(f) to "decide whether software code made in the United States and exported abroad is a 'component[] of a patented invention' under section 271(f)"); cf. Rivers v. Roadway Express, 511 U.S. 298, 312-13 (1994) ("A judicial construction of a statute is an authoritative statement of what the statute meant before as well as after the decision of the case giving rise to that construction."). While Mr. Pellegrini may not have previously thought that a copy of software may, in some circumstances, be considered a "component" for purposes of § 271(f), that does not excuse his failure to make that argument to the district court or this court when he previously litigated his claim that Analog infringed under § 271(f) relating to the combination of its foreign-made ADMC chips with other components in a brushless motor. As we have previously explained,

> [t]he scope of the issues presented to this court on appeal must be measured by the scope of the judgment appealed from, . . . not by the arguments advanced by the appellant. To hold otherwise would

> allow appellants to present appeals in a piecemeal and repeated fashion, and would lead to the untenable result that "a party who has chosen not to argue a point on a first appeal should stand better as regards the law of the case than one who had argued and lost." Fogel v. Chestnutt, 668 F.2d 100, 109 (2d Cir. 1981).

Engel Indus., 166 F.3d at 1382. In light of the foregoing analysis, we conclude that the district court did not err in dismissing Mr. Pellegrini's March 2005 request to supplement as "futile."

Additionally, we conclude that the district court did not abuse its discretion in refusing Mr. Pellegrini's May 2007 request to amend as "late." Mr. Pellegrini's May 2007 request to amend was filed over two and a half years after this court affirmed the district court's grant of partial summary judgment of non-infringement under § 271(f), and over two years after the district court denied his first request to bring a new § 271(f) claim alleging that Analog supplied software for the accused foreign-made chips. Mr. Pellegrini attempts to justify his failure to make the request to amend sooner by arguing that it was filed "immediately after (three days) when the law came into effect in [Microsoft v. AT&T Corp., 127 S. Ct. 1746 (2007)] that 'computer-readable software' may be a 'proper subject of relief' under section

271(f)." We are not persuaded by Mr. Pellegrini's argument that the timing of the Microsoft decision excuses his delay in making his May 2007 request to amend to add a new software-related § 271(f) claim, particularly where this request was made over two years after the district court rejected his attempt to add a similar software-related § 271(f) claim. Because we affirm the district court's denial of the May 2007 request to amend as "late," we need not address its finding that this request was also "futile."

CONCLUSION

For the aforementioned reasons, we conclude that the district court did not abuse its discretion by granting Analog's motion for sanctions, denying Mr. Pellegrini's request for sanctions, and denying Mr. Pellegrini's requests to amend the complaint. Accordingly, we affirm.

Rule 11. **Signing Pleadings, Motions, and Other Papers; Representations to the Court; Sanctions**

(a) Signature.

Every pleading, written motion, and other paper must be signed by at least one attorney of record in the attorney's name -- or by a party personally if the party is unrepresented. The paper must state the signer's address, e-mail address, and telephone number. Unless a rule or statute specifically states otherwise, a pleading need not be verified or accompanied by an affidavit. The court must strike an unsigned paper unless the omission is promptly corrected after being called to the attorney's or party's attention.

(b) Representations to the Court.

By presenting to the court a pleading, written motion, or other paper - whether by signing, filing, submitting, or later advocating it - an attorney or unrepresented party certifies that to the best of the person's knowledge, information, and belief, formed after an inquiry reasonable under the circumstances :

1) It is not being presented for any improper purpose, such as to harass, cause unnecessary delay, of

needlessly increase the cost of litigation;

2) The claims, defenses, and other legal contentions are warranted by existing law or by a nonfrivolous argument for extending, modifying, or reversing existing law or for establishing new law;

3) The factual contentions have evidentiary support or, if specifically so identified, will likely have evidentiary support after a reasonable opportunity for further investigation of discovery; and

4) The denial of factual contentions are warranted on the evidence or, if specifically so identified, are reasonable based on belief or a lack of information.

(Cornell University Law School)

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

GERALD N. PELLEGRINI,)
)
Plaintiff,)

v. Civil Action No. 02-11562-RWZ

ANALOG DEVICES INC.,)
)
Defendant)
)

PLAINTIFF'S RULE 15(d) MOTION FOR SUPPLEMENTAL PLEADING

Plaintiff, Gerald N. Pellegrini, ("Pellegrini") hereby moves the Court, pursuant to Fed. R. Civ. P. Rule 15(d), to permit Pellegrini to file and serve on Defendant, Analog Devices Inc., ("ADI") a Supplemental Complaint, attached herewith as Exhibit A. This Supplemental Complaint removes any assertions of infringement liability by ADI in supplying DSPs from the United States to customers outside the United States, and contains supplemental paragraphs 6, and D. Pellegrini sets forth, as reasons for his present Motion, the recent decisions in

the United States Court of Appeals for the Federal Circuit which have been rendered since Pellegrini's filing of his original complaint. See *Pellegrini v. Analog Devices Inc.*, 375 F. 3d 1113 (Fed. Cir. 2004), and *Eolas Techs., v. Microsoft Corp.*, (Fed. Cir. Docket. No. 04-1234, Decision of March 2, 2005).

The Federal Circuit in *Pellegrini* found that ADI's ADMC chips were not supplied "in or from the United States" and therefore were not subject to 35 U.S.C. section 271(f)(1). Pellegrini no longer holds as tenable the allegations and assertions in his original complaint that ADI supplied these ADMC chips in or from the United States, and has removed those allegations and assertions from the Supplemental Complaint.

Prior to the Federal Circuit decision in *Eolas*, Pellegrini, as well as others, understood the term "components" in the context of 35 U.S.C. section 271(f) to be limited to physical components, and did not include in his original complaint any assertions that ADI supplied software code from the United States for use outside the United States in violation of 35 U.S.C. section 271(f). The Federal Circuit decision in *Eolas* has however now determined that "components" in the context of 35 U.S.C. section 271(f) to include "intangibles" such as computer "software code". In light of the decision

in *Eolas*, Pellegrini has consequently added supplemental paragraphs 6 and D to his Supplemental Complaint.

For the above stated reasons, Pellegrini requests, pursuant to Fed. R. Civ. P. Rule 15(d), that the Court permit the service and filing of his Supplemental Complaint attached herewith as Exhibit A.

Respectfully Submitted,
Dated: March 17, 2005
/s/ Gerald N. Pellegrini, pro se
Gerald N. Pellegrini, *pro se*
Worcester Electromagnetics Partnership
5 Bacon Street
Wellesley, MA 02482
508-450-4632

CERTIFICATE OF SERVICE

I, Gerald N. Pellegrini, certify that on March 17, 2005 a copy of the above Motion for Supplemental Pleading was served by first class mail, postage prepaid, to:

Wayne L. Stoner
Wilmer Cutler Pickering
Hale and Dorr LLP
60 State Street
Boston, MA 02109

/s/ Gerald N. Pellegrini , pro se
Gerald N. Pellegrini

IN THE UNITED STATES DISTRICT COURT FOR
THE DISTRICT OF MASSACHUSETTS

GERALD N. PELLEGRINI

Plaintiff,

v. Civil Action No. 02-11562-RWZ

ANALOG DEVICES, INC.

Defendant.

SUPPLEMENTAL COMPLAINT

Plaintiff, Gerald N. Pellegrini, alleges that:

1. Plaintiff, Gerald N. Pellegrini ("Pellegrini"), is an individual who resides at 37 Granby Road, Worcester, Massachusetts 01604.
2. On information and belief, defendant, Analog Devices, Inc. ("ADI"), is a Delaware corporation having its corporate headquarters at One Technology Way, Norwood, Massachusetts, 02062.
3. This is an action arising under the Patent Laws of the United States, Title 35, United States Code. This Court has jurisdiction of the subject matter hereof under the

provisions of Title 28, United States Code, Section 1338(a). Venue in this judicial district is proper under the provisions of Title 28, United States Code, Sections 1391(b) and (c), and 1400(b).

4. Pellegrini is the owner of the entire right, title, and interest in and to United States Patent No. 4,651,069, entitled "Back-EMF Brushless D.C. Motor Drive Circuit," duly and legally issued on March 17, 1987, to Gerald N. Pellegrini (hereinafter the "'069 patent"). A copy of the '069 patent is attached hereto as Exhibit A.

5. On information and belief, by engaging in acts of making and selling directly or through an agent DSPs, publishing technical reports, and engaging in technical support and other marketing and promotional activities, regarding its digital signal processors ("DSPs"), ADI is inducing its customers to infringe one or more claims of Pellegrini's '069 patent in this judicial district and elsewhere in the United States.
6. On information presently obtained, and information likely to be obtained after a reasonable opportunity for further discovery, and belief, ADI is supplying, or has supplied, from the United States computer software code, being a substantial portion of the components of, or being knowingly a component especially made or adapted for use in, a patented invention, and is an infringer under 35 U.S.C. section 271(f) by actively inducing or intending the combination of this software code with other components outside the United States where such combination, if it occurred within the United States, would infringe one or more claims of Pellegrini's '069 patent.
7. On information and belief, one or more of ADI's customers is directly

infringing one or more of the the claims of the '069 patent.

8. On information and belief, by engaging in acts of making and using directly or through an agent brushless motor controls, ADI is directly infringing one or more claims of the '069 patent in this judicial district and elsewhere in the United States.

9. ADI's acts of infringement, as described above, have been and continue to be willful, wanton, and deliberate, without license, and with full knowledge and awareness of Pellegrini's patent rights.

10. Unless enjoined by this Court, ADI will continue its acts of infringement as decribed above to Pellegrini's substantial and irreparable damage.

WHEREFORE, Pellegrini demands judgment as follows:

A. preliminarily and permanently enjoining and restraining ADI, its officers, directors, employees, agents, servants, successors, and assigns, and any and all persons acting in privity or in concert with it, from making or using brushless motor controls which infringe any claim of the '069 patent;

B. preliminarily and permanently enjoining and restraining ADI, its officers, directors, employees, agents, servants, successors, and assigns, and any and all persons acting in privity or in concert with it, from making or selling DSPs, publishing or otherwise distributing technical reports, and engaging in technical support and other marketing and promotional activities which induce, and/or otherwise inducing, infringement of any claim of the '069 patent;

C. assessing against ADI and awarding to Pellegrini damages sufficient to compensate Pellegrini for ADI's direct infringement of the '069 patent, and inducement of infringement of said patent, and ordering an accounting to determine such damages;

D. assessing against ADI and awarding to Pellegrini damages sufficient to compensate Pellegrini for ADI's infringement of the '069 patent under 35 U.S.C. section 271(f), and ordering an accounting to determine such damages;

E. increasing such damages to three times the actual amount found or assessed;

F. awarding to Pellegrini its costs and disbursements in this action, including reasonable attorneys' fees; and

G. granting to Pellegrini such other and further relief as this Court may deem just and proper.

GERALD N.PELLEGRINI Dated: March 17, 2005

/s/ Gerald N. Pellegrini, *pro se*
Gerald N. Pellegrini, *pro se*

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

GERALD N. PELLEGRINI,
Plaintiff,

v. Civil Action No. 02-11562-RWZ

ANALOG DEVICES, INC.,
Defendant.

ANALOG DEVICES, INC.'S REPLY MEMORANDUM IN FURTHER SUPPORT OF ITS MOTION FOR SANCTIONS UNDER FED. R. CIV. P. 11

This motion raises a simple issue: whether before accusing Analog Devices, Inc. ("Analog") of inducing infringement of the '069 patent under 35 U.S.C. § 271(b), Gerald N. Pellegrini ("Pellegrini") had "evidentiary support" showing that at least one Analog customer had directly infringed that patent in the United States. In his opposition brief - which largely focuses on issues and alleged "evidence" unrelated to this simple issue - Pellegrini confirms, as Analog's opening brief already has made clear, that he is incapable of satisfying the evidentiary burdens imposed by Fed. R. Civ. P. 11.

When stripped of its many irrelevant arguments and personal attacks on Analog's counsel, Pellegrini's brief is left with nothing more than speculative

and unsupported assertions that a handful of Analog's customers "likely may have" directly infringed the '069 patent in the United States. Of course, such bare conjecture does not amount to the type of "evidentiary support" demanded by Rule 11 - i.e., evidence of at least one Analog customer who has incorporated the accused ADMC chips into an allegedly infringing brushless D.C. motor that was made, used, sold, offered for sale, or imported in the United States. Accordingly, the Court should dismiss Pellegrini's inducement claim under Section 271(b) and award Analog its costs and fees incurred in connection with this motion.

ADI. Motor Control: 3rd party Suppliers and Consultants

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Omnirel, L.L.C.

Omnirel, L.L.C., founded in 1985, is a designer and manufacturer of high-density power semiconductor and multi-chip power module solutions. Our products are particularly useful in harsh environments where they must meet extreme design challenges involving circuit and package density, electrical performance, thermal management, and long-term reliability.

Omnirel is developing a line of motor controllers/drivers based on Analog Devices' DSP-based motor controllers (first -ADMC328) which feature sensored and sensorless control of PM synchronous machines. To learn more about how we can get you to market quickly with an integrated software and hardware solution, please contact us at:

Omnirel, L.L. C.
205 Crawford Street
Leominster, MA 01453
Telephone: (978) 534-5776
Fax: (978) 537-4246
Email: sales@omnirel.com

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Oztek Corp.

Oztek Corp. was founded in Merrimack, NH in 1997 with
the mission to provide superior design engineering services and specialty products to the motion control and power electronics industries. We are committed to providing timely, economical solutions, and pride ourselves in technical support that is second to none. Our services range from consulting and system prototyping to complete turnkey product development and manufacturing. A wide breadth of experience in the design, development, and production of state-of-the-art power electronics, along with DSP, microcontroller and analog based controls combine to allow us to offer our clients the best possible engineering solutions.

Our major fields of experience include motor controllers, power amplifiers, analog instrumentation design, and both digital and analog controls. Motor drive / power electronics projects have ranged from precision linear power amplifiers to a 6kW sensorless brushless motor drive. Instrumentation and control projects have ranged from advanced hard disk drive head positioning algorithm development to a high-accuracy DSP based optical encoder interpolator.

To learn more about Oztek Corp. and how we maybe of assistance please contact us

Oztek Corp.
Telephone: (603) 424-9027
Email: oztek@bit-net.com

2.4.4 Connect negative lead of 28V power supply (#16 AWG minimum, #14 AWG maximum) to JP8-3 (-).

2.4.5 Connect positive lead of isolated 5V power supply to JP6-1 (pin closest to R8).

2.4.6 Connect negative lead of isolated 5V power supply to JP6-3.

2.4.7 Connect serial cable to RS-232 connector, JP5.

2.5 Software installation

2.5.1 The SOM9300 is configured to demonstrate the first of two algorithms - Hall effect sensor feedback, trapezoidal drive. The EEPROM labeled 'Sensor 0710' has been installed in the DIP socket at U2.

Caution: Ensure that the 28V power supply is 'OFF' before proceeding.

To configure the SOM9300 to demonstrate the second algorithm- sensorless EKE, sinusoidal drive--replace the EEPROM labeled 'Sensor 0710' with the EEPROM labeled 'SinEKE 0710' which is provided with the kit.

2.5.2 Install SOM9300.zip from the disk provided. The disk contains the graphical user interface (**GUI**) for the both the sensored and sensorless algorithms and for the manual.

3.0 **Operation**

3.1 Set the 28V power supply to 'ON'

3.2 Select the **SOM9300 GUI**, then invoke the **GUI** by setting the Power On switch to 'ON'. Refer to Figure 5-Screen Capture of **GUI** (note that the GUI shown is for reference only)

3.3 Select the serial (COM) port.

Note: After the motor is running, use only the stop button to stop the motor. Do not change direction and do not set the power switch to 'OFF' before stopping the motor.

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

GERALD N. PELLEGRINI,

Plaintiff,

v. Civil Action No. 02-11562-RWZ

ANALOG DEVICES, INC.,

Defendant.

JOINT STATEMENT

In accordance with Local Rule 16.1, the plaintiff, Gerald N. Pellegrini ("Pellegrini"), and the defendant, Analog Devices, Inc. ("Analog"), hereby submit the following Joint Statement.

A. Meet and Confer

Pursuant to Local Rule 16.1(B), on September 4, 2002, and again on September 11, 16, and 17 2002, Pellegrini and counsel for Analog conferred for the purpose of: (1) preparing an agenda of matters to be discussed at the scheduling conference; (2) preparing a proposed pretrial schedule for the case that includes a plan for discovery; and (3) determining whether the parties will consent to trial by magistrate judge.

B. Settlement Proposals

In accordance with Local Rule 16.1(C), Pellegrini submitted a written settlement proposal to Analog on September 16,2002.

C. Trial by Magistrate Judge

The parties do not consent to trial by magistrate judge at this time.

D. Discovery and Other Issues

As set forth below, the parties propose that the Court order a short period of phased discovery directed to a narrow' but threshold legal issue arising under 35 U.S.C. §271 (f)(1). The early resolution of this key issue will permit the parties to conduct a realistic assessment of an otherwise complex patent infringement case prior to the commencement of full-blown litigation (litigation that will involve patent claim construction and require a determination of patent infringement, damages, and willful infringement issues). See L.R. 16.(D)(1) (requiring parties to "take into account the desirability of conducting phased discovery in which the first phase is limited to developing information needed for a realistic assessment of the case").

1. The Parties' Dispute Under 35 U.S.C. § 271(f)(1)

In his complaint, Pellegrini alleges that Analog makes, sells, and uses certain digital signal processors ("DSP") that, when combined with other components, can be used, among many other things, to infringe a United States patent issued to Pellegrini in March 1987 ("the '069 patent"). (A copy of the '069 patent is attached hereto at Tab A.) Pellegrini further alleges that Analog has induced others to infringe the '069 patent in the United States. Analog's answer denies Pellegrini's allegations of infringement.

Pellegrini also claims that Analog is liable for patent infringement under 35 U.S.C. § 271(f)(1), which provides that,

> Whoever without authority supplies or causes to be supplied in or from the United States all or a substantial portion of the components of a patented invention, where such components are uncombined in whole or in part, in such manner as to actively induce the combination of such components outside of the United States in a manner that would infringe the patent if such combination occurred

within the United States, shall be liable as an infringer.

Id.

The parties' primary area of dispute concerning Section 271(f)(1) centers around whether Analog's activities with respect to its accused DSPs, which Analog alleges are manufactured exclusively outside the United States, fall within the "supplies or causes to be supplied in or from the United States" requirement of the statute ("the supplies issue").[1]

A. Brief Summary of Analog's Position

Analog has informed Pellegrini (i) that all of the accused Analog DSPs are manufactured outside the United States,

[1] The parties have several other disputes under Section 271(f)(1) as well, including (*i*) whether the accused DSPs constitute "a substantial portion of the components of a patented invention," (*ii*) whether combination of the accused DSPs with other components "outside of the United States [is performed] in a manner that would infringe the patent if such combination occurred within the United States," whether Analog's accused conduct under 271(f)(1) gives rise to a claim for inducement of infringement. The parties do not wish to litigate these issues during the proposed phased discovery period. To do so would require significant additional fact discovery and require the Court, among other things, to construe a complex patent and conduct a detailed infringement analysis - thereby defeating the intended purpose of the narrow proposed phased discovery period.

(ii) that the vast majority of the accused DSPs have been sold to companies located outside the United States, and *(iii)* that Analog is aware of only one customer located in the United States who has purchased the DSPs for use in an allegedly infringing application (that single customer purchased 50 of the accused DSPs for less than $1,000).[2] Analog believes that Pellegrini is barred as a matter of law from asserting an infringement claim in this case under Section 271 (f)(1), with the exception of less than $1,000 worth of sales.

Analog understands Pellegrini to allege that the reach of Section 271(f)(1) is not limited to the physical shipping of accused components "in or from the United States." Instead, he claims that Analog's liability under the statute extends to *all sales* of its accused components, regardless of where the components were manufactured or shipped, as long as some Analog sales activity occurred in the United States. In other words, Pellegrini maintains that, even if Analog has manufactured all of the accused DSPs in facilities outside of the United States, and even if Analog has sold its accused DSPs exclusively to persons located outside the United States, Analog is nonetheless liable for infringement under Section 271(f)(1) to

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[2] As set forth below, Analog is willing to provide Pellegrini with 5 months of fact discovery to test the validity of Analog's factual representations.

the extent that its employees in the United States participated in any sale of the accused DSPs.

Analog believes that Pellegrini's proposed construction of Section 271(f)(1) is unwarranted by existing law, and would impermissibly broaden tile territorial scope of the United States patent laws. Analog understands that Section 271(f)(1) applies only in the very limited instance where an accused device is *physically shipped* into the United States or *physically shipped* from the United States to a foreign jurisdiction; the statute has no application where the accused device is neither shipped into nor from the United States[3] Therefore, it is Analog's position that Pellegrini's allegations of patent infringement (with the exception of less than $1,000 in sales) are precluded as a matter of law under Section 271(f)(1).

B. Brief Summary or Pellegrini's Position

Pellegrini believes Analog's position that Pellegrini is barred as a matter of law from asserting an infringement claim in this case under

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[3] Congress enacted Section 271(f)(1) to close a loophole that once permitted a person to a avoid infringement simply by shipping components outside the United States for assembly, even though such assembly, if performed in the United States, would have infringed a United States patent.

Section 271(f)(1) is premature, since Pellegrini believes there are genuine issues of fact regarding Analog's activities as they relate to Section 271(f)(1). These activities, Pellegrini believes, can be determined through an appropriate discovery period. Only after a determination of sufficient uncontested facts can any claim of a bar as a matter of law be reasonably made. On information and belief Pellegrini contends that facts exist which will show that Analog engages in activities which will fall within the requirements of Section 271(f)(1) and, in particular, within the supplies issue requirement as cited above.

Pellegrini believes, contrary to what appears to be Analog's belief, that the requirement of location "in or from the United States" as it is cited in the disputed statute refers to the activity of supplying. This position, Pellegrini believes, is consistent with other statutes such as 35 U.S.C. Section 271(a) requirements of location which refer to the acts of infringement (i.e. makes, sells,
uses, or offers for sale).

Pellegrini is aware of at least one case which clearly controverts Analog's position that Section 271(f)(1) applies only in the very limited instance where an accused device is *physically shipped* into the United States or *physically shipped* from the United States to a foreign jurisdiction.

Pellegrini, therefore, does not agree with Analog's position in either its view of the facts or its interpretation of the law.

2. Proposed Phased Discovery Schedule

The parties agree that the Court's early resolution of the disputed Section 271(f)(1) "supplies issue" will permit the parties to "develop[ ] information needed for a realistic assessment of the case," and may lead to settlement. The parties further agree that phasing the case as proposed will likely have a significant effect on judicial economy and efficiency, particularly given that the '069 patent involves highly complicated electronics technology and would involve many complex claim interpretation issues, including several "means-plus-function" limitations under 35 U.S.C. § 112, ¶6. Therefore, the parties propose the following phased discovery and dispositive motions schedule, which could be presented to the Court by way of motions for partial summary judgment.

a. All fact discovery pertaining to "the supplies issue" under Section 271(f)(1) shall close on February 28, 2003.

b. All dispositive motions pertaining to "the supplies issue" under Section

271(f)(1) shall be served and filed on or before March 28, 2003.

c. The opposition to any dispositive motions pertaining to "the supplies issue" under Section 271(f)(1) shall be served and filed on or before April 18, 2003.

d. A reply to any dispositive motions pertaining to "the supplies issue" under Section 271(f)(1), if any, shall be served and filed on or before May 2, 2003.

The Court's resolution of the disputed Section 271(f)(1) "supplies issue" detailed above, if not resulting in settlement, likely will have a substantial impact on the remaining scope of the case, including the amount and nature of discovery needed by each party. Accordingly, until the Court resolves this threshold legal issue, the parties do not believe that they can propose a realistic schedule for events to occur after the conclusion of the phased discovery period. The parties suggest that the Court revisit scheduling issues after a decision is rendered on "the supplies issue" under Section 271(f)(1).

3. Proposed Phased Discovery Event Limits

The parties have discussed the presumptive Local Rule 26.1 (c) limits, and propose that during the initial period of phased discovery, each party

shall be entitled to take five (5) depositions, and to serve ten (10) interrogatories, ten (10) requests for admission, and two (2) sets of fifteen (15) document requests.

4. Stipulated Protective Order

The parties expect to present a joint agreed upon protective order to be entered by the Court pursuant to Federal Rule of Civil Procedure 26(c).

E. Certifications

Analog will file a certification pursuant to Local Rule 16.1(D)(3) separately with the Court. Pellegrini does not believe that he is required to file such a certification given his *pro se* status.

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Appearing *pro se*,

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Dated: September 17, 2002